

Overview of Home Energy Plus Furnace Program Changes - Weatherization Agency perspective

August 22, 2012

Housekeeping items – before we discuss the HE+ Furnace Program

- Emergency Furnace (10/1 - 5/15) Program is essentially unchanged
- Important to understand this as it relates to your contractors. We recommend NOT confusing contractors with discussion of alternative funds (Wx-REF).
- No need to re-bid because of expanded options for furnace funds – these have no bearing on EF.

Housekeeping items – before we discuss the HE+ Furnace Program

- Emergency Furnace (EF) contracts will have minimal changes (e.g., no E* requirement, paperwork changes, limited rental).
- EF RFB Attachment 4 will be revised; when it's distributed, all contracts will need to be amended (swap out attachments – changes should not influence price)
- If you plan to rebid, contact the Help Desk.

Housekeeping items – before we discuss the HE+ Furnace Program

- Note – Mandatory Wx HVAC/Emergency Furnace program ‘training’ scheduled for 9/18 (day prior to WOW mtg.)
- Announcement released last week. Contact your local training officer, or WECC, if you need more information.

What is the HE+ Furnace Program?

- The program includes three types of referrals (requests for service/funding) to address a heating system (“furnace”)
- A minimum requirement for all three types is that client must have current WHEAP-eligibility

Current WHEAP Eligibility

- Approved application for the current FFY
- WHEAP applications expire after September 30
- Plan ahead when installing furnaces with Wx-REF funds in August or September, unless a new application is completed for the next program year.
- Payment must be processed prior to 9/30.
- Work closely with WHEAP.

3 Types of referrals for the HE+ Furnace Program?

- **HE+ Wx-REF:** The weatherization agency “refers” to address a furnace that started out as a Wx job (unsafe or needs replacement based on UL)
- **HE+ Emergency Furnace:** During the heating season (Oct. 1 – May 15), the WHEAP agency refers a client with an Emergency Furnace (unsafe/no heat) need to the Wx Agency
- **HE+ Non-Emergency Furnace:** From May 16 – Sept. 30, the WHEAP agency refers a client with a non-emergency furnace need (unsafe/non-working) to the Wx Agency

Funding for 2-4 unit rental buildings

- Access to HE+ Furnace Program funds (all 3 types) is allowable for 2-4 unit rental buildings only when:
 - The owner resides in the building
 - Both tenant in unit of unsafe/non-working furnace **and** the owner of the building have current WHEAP eligibility (The owner is no longer required to reside in the unit needing furnace repair or replacement)
 - For a weatherization job, the audit date is 7/1/12 or later

What is a Wx-REF for furnace funding?

- View these situations as Wx jobs accessing an alternative source of funds to address the heating system problem
- Use of furnace funds through Wx-REF should not be confused with the WHEAP-referred Emergency Furnace Heating Season program (Oct. 1 – May 15)

When can Wx-REF for furnace funding be used?

- Available for units audited after June 30, 2012; older audits must follow prior contract year's Manual
- Client must have current WHEAP-eligibility
- Starts out as a Wx job and the Wx Agency identifies that the heating system must be addressed based on the wx job energy audit

When can Wx-REF for furnace funding be used? (continued)

- Wx Manual criteria are used to decide that heating system work is necessary
- If an unsafe 'furnace' situation is identified, the Wx Agency is responsible for recognizing any client safety needs and ensuring they are addressed.
 - The WHEAP agency may be a resource
 - *This is not a change*

Wx-REF Examples

- When requirements are met, Wx-REF funds may be used on:
 - Wx-Deferral (with or without a completed electronic energy audit)
 - Wx job for which Informational Modeling results in job $SIR < 1$
 - Wx-No Treatment or Deferral (could also be Limited Wx, formerly 'Baseload' Wx job) with a safety/other problem that must be addressed

How to access Wx-REF furnace funds

- Wx Agency “refers” (makes contact with) the request for funds to the WHEAP Agency and verifies current eligibility
- From July 1 – Sept. 30, 2012 only: WHEAP Agency contacts DES to ‘unlock’ system to reserve funds
- Starting 10/1/12, no need for WHEAP to contact DES

Project Management is critical

- For the Wx Agency, the emphasis is on project management
 - #1 ensure client is WHEAP-eligible
 - #2 can furnace be addressed prior to eligibility expiring on 9/30?
 - #3 will invoice be processed by WHEAP prior to 9/30?
- Is an FY2012 or 2013 application more appropriate to be processed?
- Wx-REF is not a safety net for all customers.

Wx-REF non-eligibility: Client is Wx-eligible but not WHEAP-eligible

- Some Wx jobs will need a heating system addressed, but client is no longer WHEAP-eligible
- As stated in the Wx Manual 10.1.3, for jobs audited beginning on 7/1/12:
 - “Where a mechanical system replacement is not an allowable weatherization program expense, alternative resources shall be pursued to cover the cost.
 - If alternative resources cannot be found, contact the Help Desk or consider deferral.”

Wx-REF: Wx Agency responsibilities

- Prior to referral – Make sure client is WHEAP eligible (application is current) & identify any timing (9/30) issues
- Work closely with WHEAP agency to ensure ‘priority’ eligibility verification for clients who have expired WHEAP eligibility (WHEAP agency will need to inform Wx Agency of results)

Wx-REF – Wx Agency responsibilities (continued)

- Provide (to WHEAP) the estimated repair or replacement funds to be reserved
- If there are any health & safety needs for the household due to the heating system, inform WHEAP so they can manage these needs
- Repair/replace heating system as part of Wx job (e.g., Full Wx, Deferral, Limited Wx, etc.)
- Invoice WHEAP and provide:
 - Total repair/repl. cost (*Effective Oct. 1*)****
 - Wx Operator fee (expected to be minimal)

Wx-REF vs. WHEAP-REF:

The Differences

- Wx-REF – referral is going from Wx to WHEAP
- Wx-REF – minimal Wx operator fee (most will have no assessment/no inspection fees) – e.g., \$25
- Wx-REF – this is a Wx job with heating system paid for w/other furnace funds; it is not reported in WisWAP (*important! We'll discuss this later*)

Wx-REF vs. WHEAP-REF: The Similarities

- Need to work closely and COORDINATE w/WHEAP agency
- WHEAP reserves funds/processes invoice
- WHEAP verifies eligibility
- Wx and WHEAP agencies will always have responsibility for identifying (and addressing) a potential health/safety furnace-related concern – regardless of what time of year it occurs (*this is not a change*)
- Rental units have the same eligibility requirements

Coming May 16 – Non-emergency WHEAP Referral

- Runs from May 16 – Sept. 30
- Client contacts WHEAP, WHEAP verifies eligibility and refers the 'unsafe/non-working furnace' job to Wx Agency
- Details available in a future announcement.
- May be impacts to contractor management b/c assessment required – however, not an emergency, so you would not use EF contract.

Coming May 16 – Non-emergency WHEAP Referral (continued)

- Very little administrative time for WHEAP agency, as this occurs outside of the Heating Season and “Emergency” timelines do not apply
- This change will address ‘unsafe/non-working furnace’ issues for customers and should reduce pent-up demand that occurs prior to the official Emergency Heating Season (Oct. 1 – May 15)

Wx Agency record-keeping Requirements

- Wx-REF and Wx-WHEAP: Wx needs to keep documentation for both types (this process is being streamlined)
- Wx Agency must establish INTERNAL CONTROLS to prevent accidental double-billing for Wx-REF (example)
- Wx Agency must ensure that staff are tracking time appropriately

Wx Agency – Tracking & assigning expenses related to a Wx-REF (referral/request) for furnace funds

- Wx-REF is expected to require less administrative and staff time because it's already part of a Wx job
- It's expected that the following expenses will always be charged to Wx-REF furnace funds:
 - Contractor (or staff) HVAC work
 - Staff time managing contractor and callbacks
 - Administrative time processing Wx-REF invoice

Wx Agency – Tracking & assigning expenses related to a Wx-REF for furnace funds (continued)

- Generally, there will not be a charge for assessment and inspection since the energy audit and inspection are occurring because it's a Wx job
- Typically, time spent related to the assessment/inspection (once it's determined to be covered by Wx-REF funds) is too minor to track

Wx Agency – Tracking & assigning expenses related to a Wx-REF for furnace funds (continued)

- HOWEVER, there will be exceptions:
 - If a Wx job is deferred and Wx-REF pays for heating system work, the only Wx expense will be the energy audit. The inspection and other administrative expenses will be recorded as Wx-REF furnace
 - There could be an “assessment” charged as part of Wx-REF; however, this is expected to be an exception

Wx Agency – Tracking & assigning expenses related to a Wx-REF for furnace funds (continued)

- If a Wx job is deferred, Limited Wx services are provided*, and Wx-REF furnace funds are used to pay for heating system work, the energy audit and Limited Wx services are charged to Wx. The inspection could be charged to Wx or to Wx-REF

NOTE: Limited Weatherization (Wx) Services – Limited Wx Services (formerly 'Baseload' Services) is new for FY2013. Only 5% of Limited Wx jobs require final inspections (in contrast, every Wx job requires a final inspection)

Wx Agency – Tracking & assigning expenses related to a Wx-REF for furnace funds (continued)

- Bottom line: Assign expenses to HE+ Furnace Program (all 3 types) when reasonable and appropriate.
- Revised True-Up Guidance will be released shortly. Language was changed to reflect program expansion.
- If you have questions, please contact the Help Desk at heat@wisconsin.gov

Q&A

Q: Are grantees allowed to do ductwork, etc. on these jobs?

A: Yes, as is necessary to have the furnace properly installed and operating.

- Items required for proper installation, such as condensate pumps, etc. are allowed.
- Billing to WHEAP need only include 1 lump sum for the furnace install, and then the administrative fee. (Starting October 1)

Q&A

Q: If an audit was done at the property, then we can just charge \$25 for admin for Wx-REF?

A: Yes, a small fee would apply then. However, if there are other admin activities, such as a final inspection, then that could also be included in the Admin charge.

Q&A

Q: Can we track time/admin expenses as one line-item (for accounting purposes) for all three types of HE+ Furnace jobs?

A: Yes, you can track these together as, for example, HE+ Furnace Program Admin.

Q&A

Q: What about the MOU's and Coordination Plans – are there new ones for this change?

A: The content is the same in the templates for this coming heating season (just updated dates). Wx and WHEAP agencies will need to discuss and incorporate new procedures into their agreements/plans and be sure everyone is on the same page as to how they will be working together to provide the new types of service.

Q&A

Q: On the WHEAP side, what are they hearing?

A: Numerous communications have been had with the WHEAP grantees/staff. They are receiving recorded “Update Sessions” that will reach the many WHEAP staff. The new HE+ Furnace Manual will also lay out the details. But yes, they have been kept well informed of the new developments and their role.

Q&A

Q: Are repairs covered/allowed?

A: Yes, just as with the regular EF program. There are new guidelines that will be the same for all three types of HE+ Furnace jobs – if the repair costs are greater than \$500 and the useful life of the furnace is less than 5 years, it generally makes more sense to replace. But where repairs are under \$500, then they are allowed. There is still flexibility, as with the EF program, for the assessment to make a determination as to what is most cost-effective. We do want to avoid re-visiting jobs where repairs were done.

Q&A

Q: On September 30th, WHEAP applications expire for the HE+ Furnace program customers. What does this mean for Wx-REF?

A: Yes, WHEAP apps expire on Sept. 30th. So, it will be important to pay attention to the WHEAP application for the HE+ Furnace job, and be sure that the work can be done – and invoiced – by that date, or the customer may need to re-apply if that is not possible. This does NOT mean they are not eligible for weatherization – the same 2-stage periods apply, as in the Manual